



House of Representatives

General Assembly

File No. 65

February Session, 2016

House Bill No. 5327

House of Representatives, March 21, 2016

The Committee on General Law reported through REP. BARAM of the 15th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

**AN ACT REQUIRING CERTAIN RESIDENTIAL RESTORATION
SERVICE PROVIDERS TO REGISTER AS HOME IMPROVEMENT
CONTRACTORS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 20-419 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective January 1, 2017*):

3 As used in this chapter, unless the context otherwise requires:

4 (1) "Certificate" means a certificate of registration issued under
5 section 20-422.

6 (2) "Commissioner" means the Commissioner of Consumer
7 Protection or any person designated by the commissioner to
8 administer and enforce this chapter.

9 (3) "Contractor" means any person who owns and operates a home
10 improvement business or who undertakes, offers to undertake or
11 agrees to perform any home improvement. "Contractor" does not

12 include a person for whom the total price of all of his home
13 improvement contracts with all of his customers does not exceed one
14 thousand dollars during any period of twelve consecutive months.

15 (4) "Home improvement" includes, but is not limited to, the repair,
16 replacement, remodeling, alteration, conversion, modernization,
17 improvement, rehabilitation or sandblasting of, or addition to any land
18 or building or that portion thereof which is used or designed to be
19 used as a private residence, dwelling place or residential rental
20 property, or the construction, replacement, installation or
21 improvement of driveways, swimming pools, porches, garages, roofs,
22 siding, insulation, sunrooms, flooring, patios, landscaping, fences,
23 doors and windows, [and] waterproofing, water, fire or storm
24 restoration or mold remediation in connection with such land or
25 building or that portion thereof which is used or designed to be used
26 as a private residence, dwelling place or residential rental property or
27 the removal or replacement of a residential underground heating oil
28 storage tank system, in which the total price for all work agreed upon
29 between the contractor and owner or proposed or offered by the
30 contractor exceeds two hundred dollars. "Home improvement" does
31 not include: (A) The construction of a new home; (B) the sale of goods
32 by a seller who neither arranges to perform nor performs, directly or
33 indirectly, any work or labor in connection with the installation or
34 application of the goods or materials; (C) the sale of goods or services
35 furnished for commercial or business use or for resale, provided
36 commercial or business use does not include use as residential rental
37 property; (D) the sale of appliances, such as stoves, refrigerators,
38 freezers, room air conditioners and others which are designed for and
39 are easily removable from the premises without material alteration
40 thereof; and (E) any work performed without compensation by the
41 owner on his own private residence or residential rental property.

42 (5) "Home improvement contract" means an agreement between a
43 contractor and an owner for the performance of a home improvement.

44 (6) "Owner" means a person who owns or resides in a private

45 residence and includes any agent thereof, including, but not limited to,
46 a condominium association. An owner of a private residence shall not
47 be required to reside in such residence to be deemed an owner under
48 this subdivision.

49 (7) "Person" means an individual, partnership, limited liability
50 company or corporation.

51 (8) "Private residence" means a single family dwelling, a multifamily
52 dwelling consisting of not more than six units, or a unit, common
53 element or limited common element in a condominium, as defined in
54 section 47-68a, or in a common interest community, as defined in
55 section 47-202, or any number of condominium units for which a
56 condominium association acts as an agent for such unit owners.

57 (9) "Salesman" means any individual who (A) negotiates or offers to
58 negotiate a home improvement contract with an owner or (B) solicits
59 or otherwise endeavors to procure by any means whatsoever, directly
60 or indirectly, a home improvement contract from an owner on behalf
61 of a contractor.

62 (10) "Residential rental property" means a single family dwelling, a
63 multifamily dwelling consisting of not more than six units, or a unit,
64 common element or limited common element in a condominium, as
65 defined in section 47-68a, or in a common interest community, as
66 defined in section 47-202, which is not owner-occupied.

67 (11) "Residential underground heating oil storage tank system"
68 means an underground storage tank system used with or without
69 ancillary components in connection with real property composed of
70 four or less residential units.

71 (12) "Underground storage tank system" means an underground
72 tank or combination of tanks, with any underground pipes or ancillary
73 equipment or containment systems connected to such tank or tanks,
74 used to contain an accumulation of petroleum, which volume is ten
75 per cent or more beneath the surface of the ground.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>January 1, 2017</i>	20-419
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GL *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 17 \$	FY 18 \$
Consumer Protection, Dept.	GF - Cost	None	46,148
Comptroller- Fringe Benefits ¹	GF - Cost	None	18,431
Consumer Protection, Dept.	Home Improvement Guaranty Fund - Cost	None	75,000
Resources of the General Fund	GF - Revenue Gain	None	44,500
Consumer Protection, Dept.	Home Improvement Guaranty Fund - Revenue Gain	None	35,000

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a General Fund (GF) cost of \$64,579 in FY 18. Additionally the bill results in a cost to the Home Improvement Guaranty Fund (HIGF) of \$75,000 in FY 18. The bill also results in a GF revenue gain of \$44,500 and a HIGF revenue gain of \$35,000 in FY 18.

The GF costs include half-year funding of one and one half special investigators at the Department of Consumer Protection (DCP) plus associated fringe benefits. The additional staffing assumes fifty new complaints related to water, fire, or storm restoration or mold restoration. The HIGF costs are based on a half year of payouts from the fund for restitution to consumers. The revenue gain assumes 350

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 39.94% of payroll in FY 17 and FY 18.

new registrants at \$220 which provides \$42,000 to the GF and \$35,000 to the HIGF (the registration fee provides \$120 to the GF and \$100 to the HIGF). Additionally fines totaling \$2,500 are anticipated for violations associated with contractors.

The Out Years

The full year cost, which would begin in FY 19, to the GF is \$129,158 for salaries and fringe benefits. The full year cost to the HIGF is anticipated to be \$150,000 due to ten claims against the fund each year. The full year revenue gain, which would begin in FY 19, is \$82,000. This includes \$5,000 in fines and \$77,000 in fees. A total of \$35,000 of the revenue would be deposited in the HIGF. The costs would continue into the out years subject to inflation.

OLR Bill Analysis**HB 5327*****AN ACT REQUIRING CERTAIN RESIDENTIAL RESTORATION SERVICE PROVIDERS TO REGISTER AS HOME IMPROVEMENT CONTRACTORS.*****SUMMARY:**

This bill expands the scope of the home improvement registration law by requiring anyone performing water, fire, or storm restoration or mold remediation to register as contractors. The law applies to work done on real property that is used or designed for use as a private residence, dwelling place, or residential rental property.

By law, home improvement contractors must register with the Department of Consumer Protection and pay a \$220 annual fee, \$100 of which goes to the Home Improvement Guaranty Fund. The fund reimburses customers (up to \$15,000 per claim) who are unable to recover losses suffered because a registered contractor failed to fulfill a contract valued over \$200.

Among other things, registered contractors must (1) include their registration numbers in advertisements, (2) show their registration when asked to do so by any interested party, and (3) use written contracts that meet certain statutory requirements.

EFFECTIVE DATE: January 1, 2017

COMMITTEE ACTION

General Law Committee

Joint Favorable

Yea 18 Nay 0 (03/04/2016)